

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 876 - HB 1630

March 9, 2009

SUMMARY OF BILL: Requires a 75% reduction in waste disposed of at certain landfill locations by July 1, 2018. Requires the Department of Environment and Conservation (TDEC) to expand the state office recycling program to all buildings leased or owned by the state. Creates a grant program funded by lottery proceeds for students that enter a master's degree or doctoral program in certain environmental fields. Establishes a new specialty earmarked license plate with proceeds from the sale of such plates earmarked for the Tennessee Environmental Protection and Recycling Fund which is also established by the bill. Creates a new excise tax credit of up to \$25,000 for the creation of recycling drop-off facilities.

ESTIMATED FISCAL IMPACT:

**Decrease State Revenue – Net Impact - \$46,200/General Fund/
FY09-10**

**\$50,000/General Fund/
FY10-11 and Subsequent Years**

**Increase State Revenue – \$15,600/Environmental Protection
and Recycling Fund/FY09-10
\$15,600/Dedicated Funds/FY09-10**

**\$17,500/Environmental Protection
and Recycling Fund/FY10-11 and
Subsequent Years
\$17,500/Dedicated Funds /FY10-11
and Subsequent Years**

**Increase State Expenditures - \$710,000/Recurring
\$254,300/One-Time**

**Decrease Local Revenue – Exceeds \$100,000/FY18-19 and
subsequent years**

**Other Fiscal Impact – Increases the expenditure of lottery
proceeds earmarked for scholarships and grants by \$400,000 in
FY09-10 and subsequent years.**

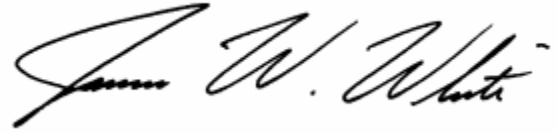
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Assumptions:

- License Plate Revenue \$35,000 annually (1,000 plates @ \$35 each.
- License Plate Expenditures approximately \$3,800 one-time (Production cost: 1,000 plates @ \$3.76 each).
- One thousand new plates will be purchased by individuals that currently do not have a specialty license plate.
- Net proceeds from the sale of such plates will be allocated as follows: 50 percent to the Environmental Protection and Recycling Fund; 40 percent to the Tennessee Arts Commission; and 10 percent to the State Highway Fund.
- The Department of Revenue will incur a \$139,000 one-time cost for software modifications.
- There will be a recurring decrease in state revenue resulting from a projected \$50,000 annual decline in excise tax revenue due to the excise tax exemption provided by the bill.
- There will be a recurring increase in lottery fund expenditures of \$400,000 for the grants provided by the bill.
- TDEC will require a total of seven new positions in conjunction with this bill. Four such persons will aid the regulatory program in the division of solid waste management to provide inspections and oversight for the recycling program. One new position is required for grant administration. The other two positions will be required to fully implement the state recycling program at the 376 leased and 135 state-owned facilities. The total recurring cost including salary and benefits for these positions is \$710,000. The one-time cost for supplies associated with these positions is \$25,200.
- One-time equipment costs associated with the expanded state recycling program are estimated to be approximately \$86,300 [(2 paper cart bins for each of 411 facilities at \$70 each $2 \times \$70 \times 411 = \$57,540$) + (2 beverage container bins at each of the 411 facilities at \$20 each $2 \times \$20 \times 411 = \$16,440$) + (10 desk side bins at each of the 411 facilities at \$3 each $10 \times \$3 \times 411 = \$12,330$)].
- Local governments will experience a decrease in revenue due to no longer receiving tipping fees from items that are recycled instead of placed in landfills. This results from the 75% solid waste reduction mandate in the bill. This reduction is to be achieved on or before July 1, 2018 therefore the decrease to local governments is for FY18-19 and subsequent years.
- There is estimated to be an increase in local government revenue due to revenue received for recycled items. Due to multiple unknown factors a precise impact to local governments cannot be quantified.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director

/cce